



General Assembly

February Session, 2008

Amendment

LCO No. **6514**

HB0515706514HD0

Offered by:

REP. O'CONNOR, 35th Dist.

SEN. CRISCO, 17th Dist.

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To: Subst. House Bill No. **5157**

File No. 194

Cal. No. 104

***"AN ACT CONCERNING THE MARKETING OF MEDICAL
DISCOUNT PLANS."***

1 In line 96, after "involved." insert "Upon the conviction of such
2 person of larceny, as defined in section 53a-119, if the court does not
3 order financial restitution pursuant to section 53a-28, the commissioner
4 may order reimbursement of any membership fees paid by residents of
5 the state who were harmed by such offense."

6 In line 298, after "(v)" insert "(1)"

7 After line 309, insert the following:

8 "(2) If a marketer uses any marketing or advertising materials that
9 are in violation of subsection (b) of section 38a-479qq, as amended by
10 this act, the commissioner may order a medical discount plan
11 organization to immediately remove such marketer from such medical
12 discount plan organization's list of authorized marketers specified in

13 subparagraph (M) of subdivision (2) of subsection (a) of this section. In
14 addition, the commissioner may order the medical discount plan
15 organization to return membership fees paid by residents of the state
16 who were harmed by such violation.

17 (3) During an investigation by the commissioner of an alleged
18 violation set forth in subdivision (2) of this subsection, a medical
19 discount plan organization shall make available to the commissioner,
20 upon request, a copy of such organization's contract with such
21 marketer, and any marketing and advertising materials of such
22 marketer."

23 In line 312, after "marketer" insert "¿"

24 In line 312, after "relationship" insert "¿" and strike "with"

25 Strike line 313 in its entirety and insert "and shall cooperate in any
26 investigation of the activities of such contracted marketer as ordered
27 by the commissioner." in lieu thereof"

28 After the last section, add the following and renumber sections and
29 internal references accordingly:

30 "Sec. 501. Subdivision (22) of section 38a-567 of the general statutes
31 is repealed and the following is substituted in lieu thereof (*Effective*
32 *October 1, 2008*):

33 (22) (A) With respect to plans or arrangements issued pursuant to
34 subsection (i) of section 5-259 of the 2008 supplement to the general
35 statutes, [or by an association group plan,] at the option of the
36 Comptroller¿ [or the administrator of the association group plan,] the
37 premium rates charged or offered to small employers purchasing
38 health insurance shall not be subject to this section, provided [(A)] (i)
39 the plan or plans offered or issued cover such small employers as a
40 single entity and cover not less than [ten] three thousand [eligible
41 individuals] employees on the date issued, [(B)] (ii) each small
42 employer is charged or offered the same premium rate with respect to

43 each [eligible individual] employee and dependent, and [(C)] (iii) the
44 plan or plans are written on a guaranteed issue basis.

45 (B) With respect to plans or arrangements issued by an association
46 group plan, at the option of the administrator of the association group
47 plan, the premium rates charged or offered to small employers
48 purchasing health insurance shall not be subject to this section,
49 provided (i) the plan or plans offered or issued cover such small
50 employers as a single entity and cover not less than three thousand
51 employees on the date issued, (ii) each small employer is charged or
52 offered the same premium rate with respect to each employee and
53 dependent, and (iii) the plan or plans are written on a guaranteed issue
54 basis. In addition, such association group (I) shall be a bona fide group
55 as set forth in the Employee Retirement and Security Act of 1974, (II)
56 shall not be formed for the purposes of fictitious grouping, as defined
57 in section 38a-827, and (III) shall not issue any plan that shall cause
58 undue disruption in the insurance marketplace, as determined by the
59 commissioner.

60 Sec. 502. Subsection (b) of section 38a-1003 of the general statutes is
61 repealed and the following is substituted in lieu thereof (*Effective*
62 *October 1, 2008*):

63 (b) To obtain and to maintain its certificate of approval, a workers'
64 compensation self-insurance group shall comply with the following
65 requirements as well as any other requirements established under the
66 provisions of chapter 568. Such group shall have:

67 (1) A combined net worth of all members of a group of private
68 employers of at least five million dollars. Such group shall maintain a
69 minimum working capital of two hundred fifty thousand dollars. The
70 minimum premium or portion thereof required in subdivision (1) of
71 subsection (a) of section 38a-1017 shall be used to satisfy the working
72 capital requirements of this section.

73 (2) A security, in the amount of five hundred thousand dollars or
74 more and such security shall be in the form of a surety bond, security

75 deposit or financial security endorsement or any combination thereof.
76 If a surety bond is used to meet the security requirement, it shall be
77 issued by a corporate surety company authorized to transact business
78 in this state. If a security deposit is used to meet the security
79 requirement, such securities shall be limited to bonds or other
80 evidence or indebtedness issued, assumed or guaranteed by the
81 United States of America or by an agency or instrumentality thereof;
82 certificates of deposit in a federally insured bank; shares or savings
83 deposits in a federally insured savings and loan association or credit
84 union; or any bond or security issued by a state of the United States of
85 America and backed by the full faith and credit of the state. Any such
86 securities shall be deposited with the State Treasurer and assigned to
87 and made negotiable by the chairman of the Workers' Compensation
88 Commission pursuant to a trust document acceptable to the
89 commissioner. Interest accruing on a negotiable security so deposited
90 shall be collected and transmitted to the depositor provided the
91 depositor is not in default. A financial security endorsement, issued as
92 part of an acceptable excess insurance contract, may be used to meet all
93 or part of the security requirement. The bond, security deposit or
94 financial security endorsement shall be: (A) For the benefit of the state
95 solely to pay claims and associated expenses; and (B) payable upon the
96 failure of the group to pay workers' compensation benefits that it is
97 legally obligated to pay. The commissioner may establish and adjust
98 from time to time, requirements for the amount of security based on
99 differences among groups in their size, types of employment, years in
100 existence and other relevant factors.

101 (3) Specific and aggregate excess insurance in a form, in an amount,
102 and by an insurance company acceptable to the commissioner. The
103 commissioner may establish minimum requirements for the amount of
104 specific and aggregate excess insurance based on differences among
105 groups in their size, types of employment, years in existence and other
106 relevant factors, and may permit a group to meet this requirement by
107 placing in a designated depository securities of the type referred to in
108 subdivision (2) of this subsection.

109 (4) An estimated annual standard premium of at least one million
110 dollars during a group's first year of operation and annually thereafter.
111 Such amount may be offset or reduced by depositing equivalent liquid
112 assets in an interest-bearing claims reserve account established in the
113 name of the proposed workers' compensation self-insurance group.
114 Such proposed workers' compensation self-insurance group shall not
115 pledge, hypothecate or otherwise encumber its assets to secure its debt,
116 guaranty or obligations. No single member applicant shall have more
117 than twenty per cent of the total combined standard premium of the
118 group.

119 (5) An indemnity agreement jointly and severally binding the group
120 and each member thereof to meet the workers' compensation
121 obligations of each member. The indemnity agreement shall be in a
122 form prescribed by the commissioner and shall include minimum
123 uniform substantive provisions prescribed by the commissioner.
124 Subject to the commissioner's approval, a group may add other
125 provisions as are necessary to perform its obligations.

126 (6) A fidelity bond for the administrator in a form and amount
127 prescribed by the commissioner.

128 (7) A fidelity bond for the service company in a form and amount
129 prescribed by the commissioner. The commissioner may also require
130 the service company providing claim services to furnish a performance
131 bond in a form and amount he prescribes."